

**TAX INCREMENT FINANCING PLAN**

**TUPELO COMMONS PROJECT**

**TUPELO, MISSISSIPPI**

**FEBRUARY 2004**

**AS AMENDED AND RESTATED APRIL 2024**

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**ARTICLE I**

**A. Preamble**

The administration and implementation of this *Tax Increment Financing Plan, Tupelo Commons Project, Tupelo, Mississippi, February 2004, as Amended and Restated April 2024* (the "**TIF Plan**") shall be administered by the City of Tupelo (the "**City**").

The project consists of three phases - the Current Phase, the Proposed Phase, and the Future Phase, which are defined below:

*The Current Phase*

The Current Phase of the project includes ten (10) acres and consists of a Malco Theater, a Wendy's Restaurant, a Chili's Restaurant, and a specialty eye care clinic. This phase represents an investment in excess of \$11,500,000 and employs over 75 people.

*The Proposed Phase*

The Proposed Phase of the project includes twenty (20) acres and will consist of up to five restaurants and approximately 138,000 square feet of retail space. This phase will represent a private investment of approximately \$30,000,000.

*The Future Phase*

The Future Phase of this project will consist of the remaining sixty (60) acres and will include restaurant sites, out parcels for retail development, and 115,000 square feet of additional retail space. This phase is estimated to cost approximately \$65,000,000.

**B. Statement of Intent**

The City proposes to issue Tax Increment Financing Revenue Bonds or Notes, in one or more series, in an amount not to exceed Three Million Dollars (\$3,000,000), which will be secured solely by a pledge of the increased ad valorem real and personal property taxes generated by the construction and development of the Tupelo Commons Project (the "**Project**") as such project may develop. These funds will be used to pay the cost of constructing various public infrastructure improvements including, but not limited to, installation and/or relocation of utilities such as water, sanitary sewer, natural gas lines, electricity, construction of drainage improvements, construction of roadways with curb and gutter, installation of traffic signalization and signage, acquisition of rights-of-way, landscaping of rights-of-way, related engineering fees (including the City's engineering

fees), attorney's fees, TIF Plan preparation fees, capitalized interest, and other related soft costs and for other purposes authorized pursuant to the TIF Act and the REDA Act, if applicable (the “**Infrastructure Improvements**”).

The construction of the aforementioned improvements will be undertaken to provide for the public convenience, health, and welfare.

The proposed improvements described hereinabove will be constructed in accordance with City codes and standards and shall be available for use by the general public.

**C. Public Convenience and Necessity**

The public convenience and necessity require participation by the City in this Project. The public interest will be served by the City's participation in the infrastructure cost of the Project. The Project will accomplish the following, which will provide for the public convenience and necessity and serve the best interests of the citizens of the City.

1. Construction of the Current Phase of the Project represents a private investment in excess of \$11,500,000. The Proposed Phase will represent an investment in excess of \$30,000,000, and the Future Phase is projected to represent an investment in excess of \$65,000,000.
2. The Current Phase employs over 75 people with an annual payroll of approximately \$1,300,000. The Proposed Phase will employ over 200 persons with an annual payroll of approximately \$3,600,000. Employment for the Future Phase is unknown at this time.
3. City ad valorem property taxes generated from the development are projected to be as follows:

	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>
Current Phase	\$ 25,489	\$ 8,256
Proposed Phase	\$ 73,550	\$25,052
Future Phase	\$135,358	\$56,656

4. County ad valorem property taxes generated from the development are estimated to be as follows:

	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>
Current Phase	\$ 28,997	\$ 9,392
Proposed Phase	\$ 83,671	\$28,500
Future Phase	\$153,984	\$64,433

5. The Project will generate the following estimated ad valorem property taxes for the School District:

	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>
Current Phase	\$ 54,320	\$17,594

Proposed Phase	\$156,740	\$53,388
Future Phase	\$288,455	\$120,738

6. The Project is expected to generate retail sales tax rebates of \$101,010. \$665,630, and \$1,467,350 for the City treasury for the Current Proposed, and Future Phases, respectively.
7. The development of the 90± acres will include new businesses, retailers, and amenities for the City and will help diversify and expand the City's retail sales tax base.
8. The Project will result in the development of a prime commercial property, which has heretofore been undeveloped.
9. The Project will provide roadway improvements to facilitate long-range traffic flow improvements, which are endorsed by MDOT.
10. The project has resulted in the construction of a state-of-the-art theater for the City, attracting over 250,000 customers annually.
11. The project will be a modern, pedestrian enhanced shopping and entertainment experience.
12. Tupelo Commons will provide upscale, diversified retail opportunities.
13. The project will attract new retailers to the City.
14. The project will cause increased development activity, which will spur additional development in the area.
15. The project has and will continue to bring new restaurants to the City.
16. The project will provide new small business and franchisee opportunities for the City.
17. The project will enhance the City's/region's ability to attract both technology and manufacturing industry development by enhancing the "cultural infrastructure through expanded entertainment, dining, and shopping opportunities.

## ARTICLE II

### A. Redevelopment Project Description

#### Proposed Project

The Project includes 90± acres of prime commercial real estate located at the intersection of Highways 78 and 45 in Tupelo, Mississippi.

The project consists of three phases — the Current Phase, the Proposed Phase, and the Future Phase, which are defined below:

#### The Current Phase

The Current Phase of the project includes ten (10) acres and consists of a Malco Theater, a Wendy's Restaurant, a Chili's Restaurant, and a specialty eye care clinic. This phase represents an investment in excess of \$11,500,000 and employs over 75 people.

#### The Proposed Phase

The Proposed Phase of the project includes twenty (20) acres and will consist of up to five restaurants and approximately 138,000 square feet of retail space. This phase will represent a private investment of approximately \$30,000,000.

#### The Future Phase

The Future Phase of this project will consist of the remaining sixty (60) acres and will include restaurant sites, out parcels for retail development, and 115,000 square feet of additional retail space. This phase is estimated to cost approximately \$65,000,000.

#### Project Location

##### a. Legal Description and Map

Attached hereto as Exhibit I is a legal description of the TIF District. Exhibit II is a survey of the TIF District from which the tax revenues will be generated to finance the TIF bond debt.

##### b. Environmental Characteristics and Zoning

The Project Site is comprised of approximately 90± acres. Development of the site will require road construction, traffic signalization, utilities such as water, sanitary sewer, drainage, and landscaping. Approximately 35 acres is zoned C-2 General Commercial in the Barnes Crossing Overlay District. The balance of the property is zoned AO, Agriculture/Open Space.

**B. Developer Information**

1.	<u><i>Name of Developer</i></u> Big Oaks Farm, LLC	<u><i>Name of Developer</i></u> Kenlan Development	<u><i>Name of Developer</i></u> V.M. Cleveland Cleveland Properties, LLC
2.	<u><i>Address of Developer</i></u> P. O. Box 2372 Tupelo, MS 38303	<u><i>Address of Developer</i></u> 2239 Whitten Road, Suite 101 Memphis, TN 38133	<u><i>Address of Developer</i></u> 1879 N. Coley Road Tupelo, MS 38801
3.	<u><i>Developer Tax I.D. Number</i></u> 64-0768476	<u><i>Developer Tax I.D. Number</i></u> 62-1850110	<u><i>Developer Tax I.D. Number</i></u>
4.	<u><i>Local Contractors or Agents</i></u> None	<u><i>Local Contractors or Agents</i></u> None	<u><i>Local Contractors or Agents</i></u> None

## ARTICLE III

### ECONOMIC DEVELOPMENT IMPACT DESCRIPTION

#### A. Job Creation

##### Current Phase

###### Construction Jobs

Estimates for the number of construction jobs and payroll that were generated by the Current Phase are unavailable.

###### Permanent Jobs

Approximately 75 persons are employed from this phase with an annual payroll in excess of \$1,300,000.

##### Proposed Phase

###### Construction Jobs

The construction of this phase is estimated to create approximately 100-150 jobs with a construction payroll of approximately \$4,140,000.

###### Permanent Phase

The project will create approximately 200 full and part-time jobs with an annual payroll of approximately \$3,600,000.

##### Future Phase

###### Construction Jobs

Estimates for construction jobs for this phase are unavailable.

###### Permanent Jobs

Estimates for permanent jobs for this phase are unavailable.

**B. Financial Benefit To The Community**

**Ad Valorem Tax Increases**

The construction and development of the Tupelo Commons Project will generate significant ad valorem tax revenues for the City, the County, and the School District. The following are estimates of ad valorem tax revenues expected to be generated by the development based upon the assumptions of true value outlined below:

**Real and Personal Property Taxes**

<u>Entity</u>	<u>Millage Rates</u>	(10 acres) <u>Current</u>	(20 acres) <u>Proposed</u>	(60 acres) <u>Future</u>
<b>City</b>	27.47			
Real		\$25,489	\$73,550*	\$135,358*
Personal		8,256	25,052*	56,656*
<b>County</b>	31.25			
Real		28,997	83,671	153,984
Personal		9,392	28,500	64,433
<b>School</b>	58.54			
Real		54,320	156,740	288,455
Personal		17,594	53,388	120,738
<b>Totals</b>	<b>117.26</b>	<b>\$144,048</b>	<b>\$420,901</b>	<b>\$819,624</b>

\*These taxes will be pledged to service TLF bond debt.

**True Value**

Current Development (10 acres)	
Real Property	\$ 6,186,100
Personal Property	\$ 2,003,715
Proposed Development (20 acres)	
Real Property	\$17,850,000
Personal Property	\$ 6,080,000
Future Development (60 acres)	
Real Property	\$32,850,000
Personal Property	\$13,750,000

**NOTE:** These assumptions are based upon the following: retail space - \$75/sq. ft. for land and building; \$35/sq.ft. for FFE and Inventory; Restaurants - \$1,250,000 land and building and \$250,000 for FFE and Inventory.

**Retail Sales**

Below is a tabular presentation of the sales from the current development (10 acres) and estimated sales from the proposed development (20 acres) and future development (60 acres).

	<u>Retail Sales</u>	<u>Sales Tax To State</u>	<u>Rebate To Tupelo</u>
Current	\$ 7,800,000	\$ 444,990	\$ 101,010
Proposed	51,400,000	2,932,370	665,630
Future	113,000,000	6,446,650	1,463,350
<b>Totals</b>	<b>\$172,200,000</b>	<b>\$9,824,010</b>	<b>\$2,229,990</b>



**Satellite Development**

Satellite development will create community benefits not included in the data provided hereinabove.

The Tupelo Commons Project will spur adjacent development resulting in construction of new buildings and opening of new businesses. Out parcel sales will result in new investments, new construction, and new jobs.

Satellite development will result in increased ad valorem taxes, increased retail sales tax rebates, additional new jobs, and new and increased payrolls for the community.

## **ARTICLE IV**

### **THE OBJECTIVE OF THE TAX INCREMENT FINANCING PLAN**

The primary objective of the TIF Plan is to serve the public convenience and necessity by participating in the construction of the Infrastructure Improvements in connection with the Project. The TIF Plan will provide financing to construct Infrastructure Improvements to serve the 90± acre development including the Malco Theater, Wendy's Restaurant, Chili's Restaurant, the specialty eye care clinic, and additional commercial developments as described in detail in the preamble to this TIF Plan.

The Infrastructure Improvements will be constructed in accordance with standards, codes, and ordinances of the City.

The Infrastructure Improvements will provide for the health and welfare of the public by providing for safe and adequate roadway improvements and adequate utilities, which may include water, gas, sanitary sewer systems, and drainage systems. The area will be landscaped.

## **ARTICLE V**

### **A STATEMENT INDICATING THE NEED AND PROPOSED USE OF THE TAX INCREMENT FINANCING PLAN IN RELATIONSHIP TO THE REDEVELOPMENT PLAN**

The use of Tax Increment Financing is needed as an inducement that will result in the development of vacant and undeveloped prime commercial property in the City of Tupelo, Mississippi.

The proposed use of the TIF Plan is to provide a financing mechanism for the construction of public infrastructure improvements necessary to serve the public that will utilize the Tupelo Commons Project.

## ARTICLE VI

### A STATEMENT CONTAINING THE COST ESTIMATE OF THE REDEVELOPMENT PROJECT, PROJECTED SOURCES OF REVENUE TO MEET THE COSTS, AND TOTAL AMOUNT OF INDEBTEDNESS TO BE INCURRED

#### A. Cost Estimates of the Redevelopment Project

At build out the Tupelo Commons development will represent a private investment in excess of \$105,000,000. The City proposes to issue Tax Increment Financing bonds, in one or more series, in an amount not to exceed \$3,000,000. The funds will be used for constructing various public infrastructure improvements including, but not limited to, installation and/or relocation of utilities such as water, sanitary sewer, natural gas lines, electricity, construction of drainage improvements, construction of roadways with curb and gutter, installation of traffic signalization and signage, acquisition of rights-of-way, landscaping of rights-of-way, related engineering fees (including the City's engineering fees), attorney's fees, TIF Plan preparation fees, capitalized interest, and other related soft costs and for other purposes authorized pursuant to the TIF Act and the REDA Act, if applicable (the "Infrastructure Improvements").

#### B. Projected Sources of Revenue To Meet Costs

The Developer will secure financing for the private investment. The City will pledge the ad valorem tax increases from the real and personal property generated from the development of the Proposed and Future Phases of the TIF District to finance the Tax Increment Financing bonds or notes, in one or more series.

#### C. Total Amount of Indebtedness To Be Incurred

The City will issue up to \$3,000,000 in TIF Bonds, Notes, or other debt obligations, in one or more series, which will be secured by the City with the pledge of incremental increases in ad valorem real and personal property taxes generated by the construction and development of the Proposed and Future Phases of the TIF District. The *Tax Increment Financing Redevelopment Plan, Tupelo, Mississippi, 1989, As Amended and Restated, November 1996 and the Tax Increment Financing Plan, Tupelo Commons Project, Tupelo, Mississippi, February 2004* shall be administered by the City including, but not necessarily limited to, the issuance of Bonds or Notes or other debt obligations to provide funds to defray the cost of infrastructure improvements.

It is expected that Tax Increment Financing Bonds or Notes or other debt obligations, in one or more series, can be obtained at an annual interest rate of not to exceed more than that which is allowed under Section 75-17-101 *et seq.*, Mississippi Code of 1972, however the City hereby reserves its right to restrict the not to exceed interest rate to maturity for any Tax Increment Financing Bonds or Notes or other debt obligations, in one or more series, by further proceedings or resolution of the Governing Body of the City. Tax Increment Financing Bonds or Notes or other debt obligations, in one or more series, may be secured for a term of not to exceed twenty (20) years.

The only obligation of the City with respect to the payment of any tax increment financing debt obligations will be the pledge of the ad valorem real and personal property tax revenues generated from the development of the Proposed and Future Phases of the property identified in Exhibit I attached hereto.

## **ARTICLE VII**

### **REAL PROPERTY TO BE INCLUDED IN THE TAX INCREMENT FINANCING DISTRICT**

The real property to be included in the TIF District from which the ad valorem real and personal property tax revenues will be generated to finance the TIF bonds will be the 90± acre tract comprising Tupelo Commons, a legal description of which is attached as Exhibit I. A survey of the TIF District is attached in Exhibit II.

## **ARTICLE VIII**

### **DURATION OF THE TAX INCREMENT FINANCING PLAN'S EXISTENCE**

The duration of the Tax Increment Financing Plan, Tupelo Commons Project, Tupelo, Mississippi, February 2004, as Amended and Restated April 2024 will not exceed ten (10) years from the adoption of the Tax Increment Financing Plan, Tupelo Commons Project, Tupelo, Mississippi, February 2004, as Amended and Restated April 2024, or until such time as any tax increment financing revenue bonds or notes are paid in full.

**ARTICLE IX**

**EXTIMATED IMPACT OF TAX INCREMENT FINANCING PLAN  
UPON THE REVENUES OF ALL TAXING JURISDICTIONS  
IN WHICH A REDEVELOPMENT PROJECT IS LOCATED**

**Ad Valorem Tax Increases**

The construction and development of the Tupelo Commons Project will generate significant ad valorem tax revenues for the City, the County, and the School District. The following are estimates of ad valorem tax revenues expected to be generated by the development based upon the assumption of true value outlined below.

<b>Real and Personal Property Taxes</b>				
<b><u>Entity</u></b>	<b><u>Millage Rates</u></b>	<b>(10 acres) <u>Current</u></b>	<b>(20 acres) <u>Proposed</u></b>	<b>(60 acres) <u>Future</u></b>
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<b>Totals</b>	<b>\$172,200,000</b>	<b>\$9,824,010</b>	<b>\$2,229,990</b>

**ARTICLE X**

**THE GOVERNING BODY SHALL BY RESOLUTION, FROM TIME TO TIME, DETERMINE (I) THE DIVISION OF AD VALOREM TAX RECEIPTS, IF ANY, THAT MAY BE USED TO PAY FOR THE COST OF ALL OR ANY PART OF THE PROJECT; (II) THE DURATION OF TIME IN WHICH SUCH TAXES MAY BE USED FOR SUCH PURPOSES; (III) IF THE CITY SHALL ISSUE BONDS FOR THE PROJECT; AND (IV) SUCH OTHER RESTRICTIONS, RULES, REGULATIONS AS IN THE SOLE DISCRETION OF THE GOVERNING BODY OF THE CITY SHALL BE NECESSARY IN ORDER TO PROMOTE AND PROTECT THE PUBLIC INTEREST.**

Through the adoption of the TIF Plan, the Governing Body of the City acknowledges the above and shall adopt the necessary resolution when deemed necessary and appropriate.

## ARTICLE XI

### PLAN OF FINANCING

This TIF Plan provides for the City to issue the TIF Bonds, Notes, or other debt obligations, which will be secured by the City with the pledge of incremental increases in ad valorem taxes generated by the Project.

This TIF Plan will also provide for Lee County (the "County") to participate in the financing for the Project. Should the County elect to participate, the County may choose to enter into an interlocal agreement and/or pledge agreement with the City.

Such decision on the most advantageous method for the City to incur the debt will be made pursuant to further proceedings of the City.

**EXHIBIT I**  
**DESCRIPTION OF THE TIF DISTRICT**

**EXHIBIT II**  
**MAP OF THE TIF DISTRICT**